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WBRH RADIO STATION TRAINING PROGRAM

BATON ROUGE, LOUISIANA

FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date NOV 28 2012

WBRH RADIO STATION TRAINING PROGRAM

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INDEPENDENT AUDITOR'S REPORT

To the Members and Management of the
East Baton Rouge Parish School Board
Baton Rouge, Louisiana

I have audited the accompanying basic financial statements of WBRH Radio Station Training Program (a special revenue fund of the East Baton Rouge Parish School Board), herein referred to as WBRH, as of June 30, 2012 and 2011, as listed in the table of contents. These basic financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these basic financial statements based on my audits.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of WBRH as of June 30, 2012 and 2011, and the results of its operations for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated October 26, 2012, on my consideration of WBRH's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 8 and 22 through 23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an

essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule on page 26 is presented for purposes of additional analysis and is not a required part of the basic financial statements of WBRH. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in dark ink, appearing to be 'J. H. Smith', is written over the typed name.

Baton Rouge, Louisiana
October 26, 2012

ROY HEBERT
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Members and Management of the
East Baton Rouge Parish School Board
Baton Rouge, Louisiana

I have audited the accompanying basic financial statements of WBRH Radio Station Training Program (a special revenue fund of the East Baton Rouge Parish School Board), hereinafter referred to as WBRH, as of and for the year ended June 30, 2012, and have issued my report thereon dated October 26, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of WBRH is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing my audit, I considered WBRH's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of WBRH's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of WBRH's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is deficiency, or combination of deficiencies, in internal control such that there is reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether WBRH's basic financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the board of directors, management, and the Legislative Auditor. However, this report is a matter of public record, and its distribution is not limited.

A handwritten signature in black ink, appearing to be 'J. A. ...', is positioned above the typed text.

Baton Rouge, Louisiana
October 26, 2012

**WBRH RADIO STATION TRAINING PROGRAM
BATON ROUGE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

Our discussion and analysis of WBRH Radio Station Training Program's (hereafter referred to as WBRH) financial performance provides an overview of WBRH's financial activities for the fiscal year ended June 30, 2012.

FINANCIAL HIGHLIGHTS

The financial statements included in this report provide insight into the financial status for the year. Based upon the operations of 2012, WBRH's net assets increased by \$35,916, and resulted in ending net assets of \$466,303, or an increase of 8.3 percent.

Total spending for the governmental activity was \$411,091 for the year, which was \$35,916 less than the revenues and the contributions received for this activity, \$447,007.

USING THIS ANNUAL REPORT

This report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities found on pages 9 and 11-12 provide information about the financial activities of WBRH and illustrate a longer-term view of WBRH's finances. Fund financial statements are also on pages 9 and 11-12. For governmental type activities, these statements illustrate how these services were financed in the short-term and what remains for future spending. Fund financial statements also report WBRH's operations in more detail than the government-wide statements by providing information about WBRH's significant funds.

WBRH's independent auditor attests in his report that the Basic Financial Statements are fairly stated. The auditor is providing varying degrees of assurance regarding the Required Supplementary Information, the levels of which are illustrated in the auditor's report.

REPORTING WBRH AS A WHOLE, THE STATEMENT OF NET ASSETS AND THE STATEMENT OF ACTIVITIES

Our analysis of WBRH as a whole begins on page 10. These statements help to illustrate the status of WBRH resulting from the year's activities. The statements include all assets and liabilities using the accrual basis of accounting. In this method, all of the current year's revenues and expenses are taken into account regardless of when cash is paid or received.

WBRH's net assets are determined by examining the difference in assets and liabilities. The two statements report WBRH's net assets and any changes in them. Examining WBRH's net assets is an effective way to determine the financial status of WBRH. Increases and decreases in net assets are an indicator of WBRH's overall increasing or decreasing financial performance.

In the Statement of Net Assets and the Statement of Activities, WBRH reports only governmental type activities. The majority of WBRH's activities are of this type, and taxes and contributions finance most of the activities.

REPORTING WBRH'S MOST SIGNIFICANT FUNDS. FUND FINANCIAL STATEMENTS

The analysis of WBRH's major fund begins on page 9. The fund financial statements provide detailed information about the most significant fund rather than WBRH as a whole.

WBRH uses a governmental type fund. Most of WBRH's services are reported in this governmental fund, which focuses on how money flows into and out of that fund and the balance left at year-end that is available for spending. This fund is reported using an accounting method called modified accrual accounting which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of WBRH's general government operations and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance WBRH's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation on the fund financial statement.

WBRH AS A WHOLE

BUSINESS-TYPE ACTIVITY

WBRH's net assets increased \$35,916 as a result of this year's operations resulting in ending net assets of \$466,303, or an increase of 8.3 percent. The balance in net assets represents the accumulated results of all past years' operations. Unrestricted net assets (the part of net assets that can be used to finance daily operations without legal restrictions or obligations) changed from a \$214,775 surplus to a \$54,682 surplus at year end. WBRH can use these funds to finance the continuing operations of the office. This means that if we had to pay off all of our bills today, we would have \$54,682 left.

Table 1
Net Assets

	<u>2012</u>	<u>2011</u>
Current and other assets	\$ 62,177	\$ 221,393
Capital assets	<u>411,621</u>	<u>400,352</u>
Total assets	<u>\$ 473,798</u>	<u>\$ 621,745</u>
Other liabilities	<u>7,495</u>	<u>191,359</u>
Total liabilities	<u>7,495</u>	<u>191,359</u>
Net assets:		
Invested in capital assets	411,621	215,611
Unrestricted	<u>54,682</u>	<u>214,775</u>

Total net assets

\$ 466,303

\$ 430,386

WBRH's total revenues for the year decreased \$164,381 or 26.8 percent. Revenues included \$151,213 of in-kind support and on-behalf payments from the East Baton Rouge Parish School Board, \$109,834 in memberships and contributions, \$64,186 in underwriting, \$116,554 in grant income, and \$5,220 in other income. The total cost of all programs and services was \$410,036 with no new programs added this year.

Table 2
Changes in Net Assets

	<u>2012</u>	<u>2011</u>
Revenues		
Program revenues	\$ 447,007	\$ 611,388
Other revenues	-	-
Total revenues	<u>447,007</u>	<u>611,388</u>
Program expenses		
Total expenses	<u>411,091</u>	<u>609,752</u>
Increase (decrease) in net assets	<u>\$ 35,916</u>	<u>\$ 1,636</u>

WBRH'S FUNDS

As previously mentioned, WBRH uses funds to help control and manage money for particular purposes. At the completion of the year, WBRH's governmental fund reported a fund balance of \$54,682. This reflects an increase of \$24,648 from last year.

GENERAL FUND BUDGETARY HIGHLIGHTS

WBRH's budget was not revised during the last year.

The actual expenditures were \$58,734 less than the budgeted amounts.

The resources available for expenditure were \$37,911 less than the budgeted amounts.

WBRH's General Fund balance of \$54,682 reported on page 12 differs from the General Fund's budgetary fund balance of \$39,859 reported in the budgetary comparison schedule on page 22.

CAPITAL ASSETS

At the end of the year, WBRH has \$411,621 invested in capital assets, including broadcasting equipment, furniture and fixtures, and office equipment. This year there were substantial additions and disposals during the year. More detailed information about WBRH's capital assets is presented in Note 3 of the financial statements.

Table 3
Capital Assets at Year-end
(Net of Accumulated Depreciation)

	<u>2012</u>	<u>2011</u>
Broadcast equipment, furniture and fixtures, and office equipment	<u>\$ 411,621</u>	<u>\$ 400,352</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

WBRH-FM begins fiscal year 2012-2013 with construction continuing at its home location. This process began more than two years ago, however there is no anticipated move-in date.

Expenses for fiscal year 2012-2013 are up in the air as the overall cost of the entire project has exceeded budgeted amounts. Therefore, it is unknown at this time how much, if any East Baton Rouge Parish School Board dollars will be appropriated to assist in WBRH's move into its new facility, or if WBRH will be provided any East Baton Rouge Parish School Board money for new equipment.

Consequently, WBRH's expenditures for fiscal year 2012-2013 may spike as was seen two years ago when the station moved to its temporary location.

CONTACTING WBRH'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of WBRH's finances and to show WBRH's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to Larry Davis, Station Manager, 2825 Government Street, Baton Rouge, Louisiana 70806.

WBRH RADIO STATION TRAINING PROGRAM
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Special Revenue Fund	Adjustments*	Statement of Net Assets
<u>ASSETS</u>			
Cash and cash equivalents	\$ 62,177	\$ -	\$ 62,177
Property and equipment, net of accumulated depreciation	-	411,621 (1)	411,621
Total Assets	<u>\$ 62,177</u>	<u>\$ 411,621</u>	<u>\$ 473,798</u>
<u>LIABILITIES AND FUND EQUITIES</u>			
Liabilities			
Accounts payable	\$ 7,495	\$ -	\$ 7,495
Total Liabilities	<u>7,495</u>	<u>-</u>	<u>7,495</u>
Fund Equity			
Fund balance-assigned	<u>54,682</u>	(54,682)	
Total Liabilities and Fund Equities	<u>\$ 62,177</u>		
Net assets			
Invested in capital assets		411,621 (1)	411,621
Unrestricted		<u>54,682</u>	<u>54,682</u>
Total Net Assets		<u>\$ -</u>	<u>\$ 466,303</u>

***Explanation**

Capital assets, including depreciation, are recorded on the statement of net assets, but not within the fund statements of the Special Revenue Fund.

The accompanying notes are an integral part of these financial statements.

WBRH RADIO STATION TRAINING PROGRAM
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Special Revenue Fund	Adjustments*	Statement of Net Assets
<u>ASSETS</u>			
Cash and cash equivalents	\$ 221,393	\$ -	\$ 221,393
Property and equipment, net of accumulated depreciation	-	400,352 (1)	400,352
Total Assets	<u>\$ 221,393</u>	<u>\$ 400,352</u>	<u>\$ 621,745</u>
<u>LIABILITIES AND FUND EQUITIES</u>			
Liabilities			
Accounts payable	\$ 191,359	\$ -	\$ 191,359
Total Liabilities	<u>191,359</u>	<u>-</u>	<u>191,359</u>
Fund Equity			
Fund balance-assigned	<u>30,034</u>	(30,034)	
Total Liabilities and Fund Equities	<u>\$ 221,393</u>		
Net assets			
Invested in capital assets		215,611 (1)	215,611
Unrestricted		<u>214,775</u>	<u>214,775</u>
Total Net Assets		<u>\$ -</u>	<u>\$ 430,386</u>

***Explanation**

Capital assets, including depreciation, are recorded on the statement of net assets, but not within the fund statements of the Special Revenue Fund.

The accompanying notes are an integral part of these financial statements.

**WBRH RADIO STATION TRAINING PROGRAM
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

	Special Revenue		Statement of
	Fund	Adjustments*	Activities
<u>EXPENDITURES/EXPENSES</u>			
Advertising and promotion	\$ 7,855		\$ 7,855
Audit cost	34		34
Contract services	43,430		43,430
Depreciation		35,406 (1)	35,406
Dues and subscriptions	125		125
Employee benefits	75,686		75,686
Equipment purchases	47,729	(47,729) (1)	-
Janitorial services	1,030		1,030
Land lease	5,400		5,400
Loss on disposal of fixed assets		1,055 (1)	1,055
Office supplies	(211)		(211)
Program fees	6,440		6,440
Regulatory fees and licenses	9,493		9,493
Rent	26,448		26,448
Repairs and maintenance	7,783		7,783
Salaries	162,326		162,326
Telephone	1,320		1,320
Utilities	27,472		27,472
Total expenditures/expenses	422,359	(11,268)	411,091
<u>REVENUES</u>			
Memberships and contributions	105,374		105,374
Other revenue	5,220		5,220
Underwriting	68,646		68,646
Corporation for Public Broadcasting grant	116,554		116,554
In-kind support	151,213		151,213
Total revenues	447,007		447,007
Excess revenues over expenditures	24,648	(24,648)	
Change in net assets		35,916	35,916

The accompanying notes are an integral part of these financial statements.

**WBRH RADIO STATION TRAINING PROGRAM
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

	Special Revenue		Statement of
	Fund	Adjustments*	Activities
Fund balance(deficit)/Net assets			
Beginning of the year	30.034		430.386
End of the year	<u>\$ 54.682</u>	<u>\$ -</u>	<u>\$ 466.303</u>

***Explanation**

(1) Reclassify equipment purchases, record depreciation and loss on disposal of fixed assets.

The accompanying notes are an integral part of these financial statements.

**WBRH RADIO STATION TRAINING PROGRAM
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

	Special Revenue		Statement of
	Fund	Adjustments*	Activities
<u>EXPENDITURES/EXPENSES</u>			
Advertising and promotion	\$ 11,605		\$ 11,605
Audit cost	31		31
Contract services	182,858		182,858
Depreciation		31,534 (1)	31,534
Dues and subscriptions	125		125
Employee benefits	69,930		69,930
Equipment purchases	411,929	(411,929) (1)	-
Janitorial services	1,030		1,030
Land lease	5,400		5,400
Loss on disposal of fixed assets		11,346	11,346
Office supplies	1,759		1,759
Program fees	3,591		3,591
Regulatory fees and licenses	8,843		8,843
Rent	58,700		58,700
Repairs and maintenance	30,741		30,741
Salaries	162,366		162,366
Telephone	182		182
Utilities	29,711		29,711
Total expenditures/expenses	<u>978,800</u>	<u>(369,049)</u>	<u>609,751</u>
<u>REVENUES</u>			
Memberships and contributions	93,087		93,087
Other revenue	4,000		4,000
Underwriting	64,429		64,429
Corporation for Public Broadcasting grant	119,446		119,446
In-kind support	330,426		330,426
Total revenues	<u>611,388</u>		<u>611,388</u>
Excess revenues over expenditures	(367,413)	367,413	
Change in net assets		1,636	1,636

The accompanying notes are an integral part of these financial statements.

**WBRH RADIO STATION TRAINING PROGRAM
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

	Special Revenue		Statement of
	<u>Fund</u>	<u>Adjustments*</u>	<u>Activities</u>
Fund balance(deficit)/Net assets			
Beginning of the year	397.447		428.750
End of the year	<u>\$ 30.034</u>	<u>\$ -</u>	<u>\$ 430.386</u>

***Explanation**

(1) Reclassify equipment purchases, record depreciation and loss on disposal of fixed assets.

The accompanying notes are an integral part of these financial statements.

WBRH RADIO STATION TRAINING PROGRAM NOTES TO COMBINED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

WBRH's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although WBRH has the option to apply FASB pronouncements issued after that date to its business-type activities, WBRH has chosen not to do so. The more significant accounting policies established in GAAP and used by WBRH are discussed below.

A. BASIS OF PRESENTATION

The accompanying component unit financial statements of WBRH have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

The WBRH Radio Training Station Training Program (WBRH) operates the WBRH radio station and provides for the training of students. WBRH is managed and owned by the East Baton Rouge Parish School Board (the Board), and is accounted for as a special revenue fund of the East Baton Rouge Parish School Board.

The School Board complies with Generally Accepted Accounting Principles (GAAP). The School Board's reporting entity applies to all relevant Governmental Accounting Standards Board (GASB) pronouncements.

C. BASIC FINANCIAL STATEMENTS—GOVERNMENT-WIDE STATEMENTS

WBRH's basic financial statements include both government-wide (reporting WBRH as a whole) and fund financial statements (reporting WBRH's major fund). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. WBRH's general administrative services are classified as governmental type activities.

In the government-wide Statement of Net Assets, the business-type column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. WBRH's net assets are reported in three parts—invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. WBRH first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of WBRH's functions. The net costs by function are normally covered by general revenue.

This government-wide focus is more on the sustainability of WBRH as an entity and the change in WBRH's net assets resulting from the current year's activities.

WBRH RADIO STATION TRAINING PROGRAM NOTES TO COMBINED FINANCIAL STATEMENTS

D. FUND ACCOUNTING

The financial transactions of WBRH are recorded in a separate fund and the fixed assets are recorded in an account group, each of which is considered a separate accounting entity. The separate fund is classified as a special revenue fund, which is a governmental fund type. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise assets, liabilities, fund balances, revenues and expenditures, or expenses as appropriate. The account group represents a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not affect net expendable available financial resources.

E. BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

Business-type activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental fund financial statement is presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

F. BUDGETS AND BUDGETARY ACCOUNTING

WBRH follows these procedures in establishing the budgetary data reflected in the combined financial statements:

Formal budgetary integration is employed as a management control device during the year for WBRH.

Special Revenue Funds' budgets that are not grant-oriented have annual appropriated budgets adopted prior to September 30 by the Board. Unencumbered appropriations of grant-oriented Special Revenue Funds are reappropriated at the beginning of the following fiscal year. Unencumbered appropriations of certain nongrant-oriented Special Revenue Funds lapse at the end of the fiscal year. These budgets are adopted on a basis consistent with GAAP.

All budget amounts presented in the combined financial statements have been adjusted for legally authorized revisions of the annual budgets during the year. The Board approves all budget revisions.

**WBRH RADIO STATION TRAINING PROGRAM
NOTES TO COMBINED FINANCIAL STATEMENTS**

G. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

H. CASH AND INVESTMENTS

Cash and cash equivalents include amounts in demand deposits and certificates of deposit with maturity dates within three months of the dates of acquisitions.

The Board is authorized to invest in U.S. Government securities and other allowable obligations issued or guaranteed by Federal agencies provided such obligations are backed by the full faith and credit of the United States of America; and certificates of deposit of financial institutions having principal offices within the State of Louisiana.

The Board maintains three checking accounts, exclusive of individual schools' bank accounts, with the Board's fiscal agent bank. These three accounts are the consolidated cash account and two interest bearing imprest accounts for the disbursements of payrolls and vendors.

I. CAPITAL ASSETS

Capital assets purchased or acquired are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The amounts presented represent only those assets pertaining to WBRH, and not the entire school board. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Broadcast equipment	10-15 years
Furniture and fixtures	10 years
Office equipment	5 years

J. DONATED FACILITIES, SERVICES AND COSTS

The East Baton Rouge Parish School Board provides facilities, including utilities and building maintenance, for the use of WBRH. This provision is made at no cost to WBRH. Management has estimated that the fair market value of the facility usage, utilities and building maintenance at \$53,405 and \$60,519 for 2012 and 2011, respectively. The financial statements reflect \$53,405 and \$60,519 of support from this in-kind donation and \$53,405 and \$60,519 of expense in connection with facility costs in 2012 and 2011, respectively.

**WBRH RADIO STATION TRAINING PROGRAM
NOTES TO COMBINED FINANCIAL STATEMENTS**

2. BANK DEPOSITS

WBRH's cash is contained within the consolidated cash account referred to in Note 1. This bank account is shared by all of the funds of the Board, with each fund maintaining a balance within the account. WBRH's balance within this account was \$62,177 and \$221,393 as of June 30, 2012 and 2011, respectively.

Custodial credit risk for deposits is the risk that in the event of financial institution failure, WBRH's deposits may not be returned to them. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. WBRH had no custodial risk as of June 30, 2012 and 2011.

Securities, that may be pledged as collateral, consist of obligations of the U.S. government and its agencies; obligations of the State of Louisiana and its municipalities and school districts.

3. CHANGES IN GENERAL FIXED ASSETS

The changes in general fixed assets of WBRH are as follows:

<u>2012</u>	Balance <u>June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2012</u>
Broadcast equipment	\$ 555,535	47,729	16,515	\$ 586,749
Furniture and fixtures	1,323			1,323
Office equipment	5,597		618	4,979
Less accumulated depreciation	<u>-162,103</u>	<u>-35,406</u>	<u>16,079</u>	<u>-181,430</u>
Capital assets, net	<u>\$ 400,352</u>			<u>\$ 411,621</u>
 <u>2011</u>	 Balance <u>June 30, 2010</u>	 <u>Additions</u>	 <u>Deletions</u>	 Balance <u>June 30, 2011</u>
Broadcast equipment	\$ 328,648	411,929	185,042	\$ 555,535
Furniture and fixtures	16,747		15,424	1,323
Office equipment	58,700		53,103	5,597
Less accumulated depreciation	<u>-372,792</u>	<u>-31,534</u>	<u>242,223</u>	<u>-162,103</u>
Capital assets, net	<u>\$ 31,303</u>			<u>\$ 400,352</u>

4. DEFINED BENEFIT PENSION PLANS

Plan Description

The full-time employees of WBRH are employees of the Board. All school board employees participate in either the Teachers' Retirement System or the School Employees' Retirement System (the Systems), which are cost-sharing, multiple-employer public employee retirement systems. Each system is administered and controlled by the State of Louisiana by a separate board of trustees with contribution rates and benefit provisions approved by the Louisiana Legislature. Participation in the Teachers' Retirement System is divided into two plans, the Teachers' Regular Plan and the Teachers' Plan A. Ten years of service credit is required to become vested for retirement benefits and five years to become vested for disability and survivor benefits under each plan.

WBRH RADIO STATION TRAINING PROGRAM NOTES TO COMBINED FINANCIAL STATEMENTS

Each of the Systems issues annual publicly available financial reports that include financial statements and required supplementary information for the system. These reports may be obtained by writing or calling:

Teachers' Retirement System of Louisiana	8401 United Plaza Boulevard Post Office Box 94123 Baton Rouge, Louisiana 70804-9123 (225)925-6446
Louisiana School Employees' Retirement System	8660 United Plaza Boulevard Baton Rouge, Louisiana 70809 (225)925-6484

Funding Policy

Contributions to the plans are required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the years ended June 30, 2012 and 2011, for the Board and covered employees were as follows:

<u>2012</u>	<u>School Board</u>	<u>Employees</u>
Teachers' Retirement System:		
Regular Plan	23.70%	8.00%
Plan A	23.70%	9.10%
School Employees' Retirement System	28.60%	7.50%
		(8% effective 7/1/2010 for new members)
<u>2011</u>	<u>School Board</u>	<u>Employees</u>
Teachers' Retirement System:		
Regular Plan	20.20%	8.00%
Plan A	20.20%	9.10%
School Employees' Retirement System	24.30%	7.50%
		(8% effective 7/1/2010 for new members)

As provided by Louisiana Revised Statute 11:103, the Board's contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The contributions to the systems for the years ended June 30, 2012, 2011, and 2010, were \$36,710, \$32,214, and \$23,594, respectively, and were equal to the required contributions for each year.

5. LITIGATION AND CONTINGENCIES

WBRH is or may become a defendant in workers' compensation, personal injury, and certain personnel action lawsuits. Management and legal counsel for the Board believe that the potential claims against the Board, not covered by insurance, would not materially affect WBRH's financial position.

**WBRH RADIO STATION TRAINING PROGRAM
NOTES TO COMBINED FINANCIAL STATEMENTS**

Federal Grants

In the normal course of operations, WBRH receives grant funds from the Corporation for Public Broadcasting. WBRH is subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting funds. Any liability for reimbursement, which may arise as the result of these audits is not believed to be material.

6. LEASE OBLIGATIONS

WBRH leases the land which one of its radio towers occupies. The current lease payment is \$450 per month. The original term of the lease expires December 31, 2012. Lessee is granted an option to renew and extend this lease for a renewal term of five years, commencing at 12:01 A.M. on the date of expiration of each then-expiring term, which option shall automatically be exercised without any further action by Lessee unless Lessee gives written notice to Lessor no later than thirty (30) days prior to expiration of the initial term that the Lease shall not be renewed for an additional term. Management expects to renew the lease for an additional five years. The lease payment for the renewal period will be \$500 per month.

WBRH also leases tower space for its transmitter. The lease payment for the initial five year term was waived in consideration of the station performing certain actions required by the lessor. The original term of the lease expires July 31, 2015, and is renewable for three additional five years terms. The lease payment for the first renewal period will be \$350 per month and the station will reimburse the lessor for all charges for the electricity used to power the transmitter during each immediately preceding month of the first renewal term. The lease payments for the second and third renewal periods are to be mutually agreed upon by the parties.

Future minimum lease payments as of June 30, 2012 and 2011, under the operating leases referred to above are:

Years ending June 30:	<u>2012</u>	<u>2011</u>
2012	-	5,400
2013	5,700	2,700
2014	6,000	-
2015	6,000	-
2016	9,850	-
2017	10,200	-
thereafter	15,950	-

During the year ended June 30, 2012 and 2011, lease payments in the amount of \$5,400 and \$5,400, respectively, were charged to operations.

7. ON-BEHALF PAYMENTS FOR SALARIES AND RELATED BENEFITS

Salary and related benefit payments are made by the Board directly to an employee on behalf of WBRH. Therefore, the basis for recognizing the revenue and expenditure (expense) payments is the actual contribution made by the Board. For 2012 and 2011, the Board paid salaries and related benefit in the amounts of \$97,808 and \$95,324, respectively. These payments are recorded as revenues and expenditures (expenses) in the 2012 and 2011 financial statements.

**WBRH RADIO STATION TRAINING PROGRAM
NOTES TO COMBINED FINANCIAL STATEMENTS**

8. EVALUATION OF SUBSEQUENT EVENTS

Subsequent events were evaluated through October 26, 2012, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

WBRH RADIO STATION TRAINING PROGRAM
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	<u>SPECIAL REVENUE FUND</u>		
	BUDGET ORIGINAL AND FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>			
Memberships and contributions	\$ 95,000	\$ 105,374	\$ 10,374
Other revenue	1,000	5,220	4,220
Underwriting	76,000	68,646	(7,354)
Corporation for Public Broadcasting grant	119,446	116,554	(2,892)
In-kind support	193,473	151,213	(42,260)
Total revenues	<u>484,919</u>	<u>447,008</u>	<u>(37,911)</u>
<u>EXPENDITURES</u>			
Advertising and promotion	10,600	7,855	2,745
Audit cost	5,500	34	5,466
Contract services	54,720	43,430	11,290
Dues and subscriptions	125	125	-
Employee benefits	76,782	75,686	1,096
Equipment purchases	13,000	47,729	(34,729)
Janitorial services	1,030	1,030	-
Land lease	5,400	5,400	-
Office supplies	3,450	(211)	3,661
Program fees	31,056	6,440	24,616
Regulatory fees and licenses	9,412	9,493	(81)
Rent	64,560	26,448	38,112
Repairs and maintenance	11,140	7,783	3,357
Salaries	163,379	162,326	1,053
Telephone	2,420	1,320	1,100
Travel	50	-	50
Utilities	28,470	27,472	998
	<u>481,094</u>	<u>422,360</u>	<u>58,734</u>
Excess revenues over (under) expenditures	3,825	24,648	20,823
Fund balance, beginning of the year	<u>30,034</u>	<u>30,034</u>	<u>-</u>
Fund balance (deficit), end of the year	<u>\$ 33,859</u>	<u>\$ 54,682</u>	<u>\$ 20,823</u>

The accompanying notes are an integral part of these financial statements.

WBRH RADIO STATION TRAINING PROGRAM
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>SPECIAL REVENUE FUND</u>			VARIANCE
	BUDGETED AMOUNTS		<u>ACTUAL</u>	FAVORABLE (UNFAVORABLE)
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Memberships and contributions	\$ 91,000	\$ 91,000	\$ 93,087	\$ 2,087
Other revenue	100	100	4,000	3,900
Underwriting	78,000	78,000	64,429	(13,571)
Corporation for Public Broadcasting grant	76,300	76,300	119,446	43,146
In-kind support	188,870	188,870	330,426	141,556
Total revenues	<u>434,270</u>	<u>434,270</u>	<u>611,388</u>	<u>177,118</u>
<u>EXPENDITURES</u>				
Advertising and promotion	12,000	12,000	11,605	395
Audit cost	5,500	5,500	31	5,469
Contract services	50,000	50,000	182,858	(132,858)
Dues and subscriptions	200	200	125	75
Employee benefits	71,188	71,188	69,930	1,258
Equipment purchases	-	350,000	411,929	(61,929)
Janitorial services	1,030	1,030	1,030	-
Land lease	5,400	5,400	5,400	-
Office supplies	6,350	6,350	1,759	4,591
Program fees	9,000	9,000	3,591	5,409
Regulatory fees and licenses	15,000	15,000	8,843	6,157
Rent	64,560	64,560	58,700	5,860
Repairs and maintenance	25,000	25,000	30,741	(5,741)
Salaries	160,407	160,407	162,366	(1,959)
Telephone	550	550	182	368
Travel	100	100	-	100
Utilities	28,470	28,470	29,711	(1,241)
	<u>454,755</u>	<u>804,755</u>	<u>978,800</u>	<u>(174,045)</u>
Excess revenues over (under) expenditures	(20,485)	(370,485)	(367,413)	3,072
Fund balance, beginning of the year	<u>397,447</u>	<u>397,447</u>	<u>397,447</u>	<u>-</u>
Fund balance (deficit), end of the year	<u>\$ 376,962</u>	<u>\$ 26,962</u>	<u>\$ 30,034</u>	<u>\$ 3,072</u>

The accompanying notes are an integral part of these financial statements.

WBRH RADIO STATION TRAINING PROGRAM
Summary Schedule of Findings
Year Ended June 30, 2012

A. Findings-financial statement audit:

1. None

WBRH RADIO STATION TRAINING PROGRAM
Summary Schedule of Prior Year Findings
Year Ended June 30, 2011

A. Findings-financial statement audit:

1. None

**WBRH RADIO STATION TRAINING PROGRAM
SCHEDULE OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 35,916	\$ 1,636
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	35,406	31,534
Loss on disposal of fixed assets	1,055	11,346
Increase (decrease) in accounts payable	<u>(183,864)</u>	<u>182,339</u>
Total adjustments	<u>(147,403)</u>	<u>225,220</u>
Net Cash Provided (Used) by Operating Activities	<u>(111,487)</u>	<u>226,856</u>
Purchases of fixed assets	<u>(47,729)</u>	<u>(411,929)</u>
Net Cash Provided (Used) by Investing Activities	<u>(47,729)</u>	<u>(411,929)</u>
Net increase (decrease) in cash	(159,216)	(185,073)
Cash at beginning of the year	<u>221,393</u>	<u>406,467</u>
Cash at end of the year	<u>\$ 62,177</u>	<u>\$ 221,393</u>

The accompanying notes are an integral part of this schedule.